

Notices of Substantive Policy Statements

# NOTICES OF SUBSTANTIVE POLICY STATEMENTS

The Administrative Procedure Act requires the publication of substantive policy statements issued by agencies (A.R.S.) § 41101(B)(14)). Substantive Policy Statements are written expressions which inform the general public of an agency's current approach to rule or regulation practice substantive policy statement does not include internal procedural documents which may only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties in accordance with A.R.S. Title 41.

## NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT

### DEPARTMENT OF REVENUE

1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:

Sales/Purchases of Natural Gas of Liquefied Petroleum Gas; TPR 95-19

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

Issued December 20, 1995. Effective July 17, 1993.

3. Summary of the contents of the substantive policy statement:

Natural gas and liquefied petroleum gas used to propel a motor vehicle upon the highway are exempt from transaction privilege tax, use tax, and municipal tax.

4. A statement as to whether the substantive policy statement is a new statement or a revision:

This is a new statement.

5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:

Name: Tax Research and Analysis Section

Address: Department of Revenue  
1600 West Monroe  
Phoenix, Arizona 85007

Telephone: (602) 542-4672

6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:

Income Tax 255-3381  
1-800-352-4090 (from within Arizona only)

Transaction Privilege Tax or Withholding 255-2060  
1-800-843-7196 (from within Arizona only)

or write to:

Taxpayer Information and Assistance  
Department of Revenue  
P.O. Box 29086  
Phoenix, Arizona 85036

This information is also available on the electronic bulletin board system (BBS) at (602) 542-5557.

## NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT

### DEPARTMENT OF REVENUE

1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:

Electronic Data Processing; GTR 96-1

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

March 6, 1996

**Notices of Substantive Policy Statements**

**3. Summary of the contents of the substantive policy statement:**

The substantive policy statement provides information regarding general requirements for the maintenance and retention of books, records, and other sources of information maintained through electronic data processing systems.

**4. A statement as to whether the substantive policy statement is a new statement or a revision:**

This is a new statement.

**5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:**

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1600 West Monroe  
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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**

**DEPARTMENT OF REVENUE**

**1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:**

Railroad Retirement Benefits; ITR 96-1

**2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**

May 9, 1996

**3. Summary of the contents of the substantive policy statement:**

Pursuant to 45 U.S.C. § 231m and A.R.S. § 43-1022.17, Arizona does not tax either tier 1 or tier 2 railroad retirement benefits received under the Railroad Retirement Act. These amounts are subtracted in computing Arizona adjusted gross income to the extent they are included in an individual's Arizona gross income (federal adjusted gross income).

Annuities or benefits paid by a railroad company, rather than the United States Railroad Retirement Board under the Railroad Retirement Act, are subject to Arizona income tax.

**4. A statement as to whether the substantive policy statement is a new statement or a revision:**

This is a new statement.

**5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:**

Name: Tax Research and Analysis Section

Address: Department of Revenue  
1600 West Monroe  
Phoenix, Arizona 85007

Telephone: (602) 542-4672

**6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:**

Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:

**Arizona Administrative Register**  
**Notices of Substantive Policy Statements**

Income Tax	255-3381 1-800-352-4090 (from within Arizona only)
Transaction Privilege Tax or Withholding	255-2060 1-800-843-7196 (from within Arizona only)

or write to:

Taxpayer Information and Assistance  
Department of Revenue  
P.O. Box 29086  
Phoenix, Arizona 85036

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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**  
**DEPARTMENT OF REVENUE**

1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:

Vehicle Trade-ins; TPR 96-1

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

October 3, 1996

3. Summary of the contents of the substantive policy statement:

The presence of a lien on a vehicle being traded in on the purchase of a new vehicle does not affect the value of the trade-in. A lien represents a debt that must be paid, it is unrelated to the vehicle's value. Therefore, the entire value of the used vehicle is allowed as a reduction of the gross receipts from the new vehicle. However, the gross receipts from the sale cannot be less than zero.

An automobile dealer's customer cannot trade-in a vehicle that the customer does not own. Therefore, to trade-in a vehicle that has been leased, the customer must exercise the option to purchase prior to the trade-in. The exercise of the purchase option is a separate transaction from the trade-in. The lessor is subject to tax under the retail classification on the gross receipts from the customer exercising the purchase option. The automobile dealership is subject to tax on the sales price of the new vehicle, less the value of the vehicle traded in. However, the gross receipts from the sale cannot be less than zero.

4. A statement as to whether the substantive policy statement is a new statement or a revision:

This is a new statement.

5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:

Name:	Tax Research and Analysis Section
Address:	Department of Revenue 1600 West Monroe Phoenix, Arizona 85007
Telephone:	(602) 542-4672

6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:

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Transaction Privilege Tax or Withholding	255-2060 1-800-843-7196 (from within Arizona only)

or write to:

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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**  
**DEPARTMENT OF REVENUE**

1. **Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:**  
Pension Plan Distributions Derived from Investment in U.S. Government Obligations; ITR 96-2
2. **Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**  
May 9, 1996
3. **Summary of the contents of the substantive policy statement:**  
The substantive policy statement sets forth the Arizona individual income tax treatment of qualified pension plan distributions when the plan has income from U.S. Government obligations.
4. **A statement as to whether the substantive policy statement is a new statement or a revision:**  
This is a new statement.
5. **The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:**  
Name: Tax Research and Analysis Section  
Address: Department of Revenue  
1600 West Monroe  
Phoenix, Arizona 85007  
Telephone: (602) 542-4672
6. **Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:**  
Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:  

Income Tax	255-3381 1-800-352-4090 (from within Arizona only)
Transaction Privilege Tax or Withholding	255-2060 1-800-843-7196 (from within Arizona only)

or write to:

Taxpayer Information and Assistance  
Department of Revenue  
P.O. Box 29086  
Phoenix, Arizona 85036

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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**  
**DEPARTMENT OF REVENUE**

1. **Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:**  
Complimentary Food and Drink Provided by Restaurants and Lodging Facilities; TPR 96-3
2. **Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**  
May 9, 1996
3. **Summary of the contents of the substantive policy statement:**  
A restaurant which provides complimentary food or beverages to its customers as a business strategy to increase sales is not subject to use tax on the food. If the food is given away for a purpose unrelated to the restaurant business then the restaurant is subject to tax on the purchase price of the food. The restaurant is subject to transaction privilege tax on its gross receipts.  
  
Lodging facilities are not reselling complimentary food or beverages they provide to lodgers. Lodging facilities provide a service and consume the items provided to their customers. Therefore, vendors selling to lodging facilities must pay transaction privilege tax on the items sold.

*Arizona Administrative Register*  
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4. A statement as to whether the substantive policy statement is a new statement or a revision:

This is a new statement.

5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:

Name: Tax Research and Analysis Section

Address: Department of Revenue  
1600 West Monroe  
Phoenix, Arizona 85007

Telephone: (602) 542-4672

6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:

Income Tax 255-3381  
1-800-352-4090 (from within Arizona only)

Transaction Privilege Tax or Withholding 255-2060  
1-800-843-7196 (from within Arizona only)

or write to:

Taxpayer Information and Assistance  
Department of Revenue  
P.O. Box 29086  
Phoenix, Arizona 85036

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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**

**DEPARTMENT OF REVENUE**

1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:

Distributions Comprised of Income Earned by the IRA; ITR 96-3

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

May 9, 1996

3. Summary of the contents of the substantive policy statement:

The substantive policy statement sets forth the Arizona individual income tax treatment of Individual Retirement Account (IRA) distributions when the IRA has income from U.S. Government obligations.

4. A statement as to whether the substantive policy statement is a new statement or a revision:

This is a new statement.

5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:

Name: Tax Research and Analysis Section

Address: Department of Revenue  
1600 West Monroe  
Phoenix, Arizona 85007

Telephone: (602) 542-4672

6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:

Income Tax 255-3381  
1-800-352-4090 (from within Arizona only)

Transaction Privilege Tax or Withholding 255-2060  
1-800-843-7196 (from within Arizona only)

or write to:

*Arizona Administrative Register*  
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Taxpayer Information and Assistance  
Department of Revenue  
P.O. Box 29086  
Phoenix, Arizona 85036

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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**

**DEPARTMENT OF REVENUE**

1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:  
Taxation of Airline Food; TPR 96-4
2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:  
May 9, 1996
3. Summary of the contents of the substantive policy statement:  
A business which provides airline transportation consumes the food and beverages it provides to its passengers for no additional charge. A vendor is subject to transaction privilege tax on sales of food and beverages to an airline. If the food was purchased tax free, the airline will be subject to Arizona use tax on the purchase price.
4. A statement as to whether the substantive policy statement is a new statement or a revision:  
This is a new statement.
5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:  
Name: Tax Research and Analysis Section  
Address: Department of Revenue  
1600 West Monroe  
Phoenix, Arizona 85007  
Telephone: (602) 542-4672
6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:  
Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:  

Income Tax	255-3381 1-800-352-4090 (from within Arizona only)
Transaction Privilege Tax or Withholding	255-2060 1-800-843-7196 (from within Arizona only)

  
or write to:

Taxpayer Information and Assistance  
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P.O. Box 29086  
Phoenix, Arizona 85036

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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**

**DEPARTMENT OF REVENUE**

1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:  
Income Taxation of Indians and Spouses; ITR 96-4
2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:  
Issued May 29, 1996. Effective for all open tax years.

**Notices of Substantive Policy Statements**

**3. Summary of the contents of the substantive policy statement:**

The substantive policy statement sets forth the Arizona individual income tax treatment of Indians.

**4. A statement as to whether the substantive policy statement is a new statement or a revision:**

This statement supersedes Arizona Income Tax Ruling ITR 91-3.

**5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:**

Name: Tax Research and Analysis Section

Address: Department of Revenue  
1600 West Monroe  
Phoenix, Arizona 85007

Telephone: (602) 542-4672

**6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:**

Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:

Income Tax 255-3381  
1-800-352-4090 (from within Arizona only)

Transaction Privilege Tax or Withholding 255-2060  
1-800-843-7196 (from within Arizona only)

or write to:

Taxpayer Information and Assistance  
Department of Revenue  
P.O. Box 29086  
Phoenix, Arizona 85036

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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**

**DEPARTMENT OF REVENUE**

**1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:**

County Excise Tax Applicable to Retail Sales and Prime Contracting Activities in More than One County; TPR 96-5

**2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**

October 22, 1996

**3. Summary of the contents of the substantive policy statement:**

This substantive policy statement addresses which county's excise tax applies to retail sales and prime contracting transactions which have business activities occurring in more than one county.

**4. A statement as to whether the substantive policy statement is a new statement or a revision:**

This substantive policy statement is a new statement but it also supersedes and rescinds Arizona Sales Tax Ruling No. 2-0-86.

**5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:**

Name: Tax Research and Analysis Section

Address: Department of Revenue  
1600 West Monroe  
Phoenix, Arizona 85007

Telephone: (602) 542-4672

**6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:**

Anyone wishing to obtain a copy of this document should call one of the following Phoenix telephone numbers:

Income Tax 255-3381  
1-800-352-4090 (from within Arizona only)

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**Notices of Substantive Policy Statements**

Transaction Privilege Tax or Withholding 255-2060  
1-800-843-7196 (from within Arizona only)

or write to:

Taxpayer Information and Assistance  
Department of Revenue  
P.O. Box 29086  
Phoenix, Arizona 85036

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**NOTICE OF AGENCY SUBSTANTIVE POLICY STATEMENT**  
**DEPARTMENT OF LIQUOR LICENSES AND CONTROL**

1. Title or subject of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:  
Disposition of Delinquent Tax Notices Pertaining to A.R.S. § 4-210(A)(5); Compliance Section (No. 2)
2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:  
November 1, 1996
3. Summary of the contents of the substantive policy statement:  
The contents of this policy statement advise that the Department will prohibit the renewal of a license until such tax delinquency is satisfied.
4. A statement as to whether the substantive policy statement is a new statement or a revision:  
This substantive policy statement is a new document as of November 1, 1996.
5. The name, address, and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:  
Name: Compliance Division  
Address: 800 West Washington, 5th Floor  
Phoenix, Arizona 85007  
Telephone: (602) 542-9043
6. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:  
A copy of the substantive policy statement can be obtained for a fee of 10¢ per policy statement at the Department of Liquor Licenses and Control, 800 West Washington, 5th Floor, Phoenix, Arizona 85007.